File No. FD 275 CSL 72.

MYSORE GOVERNMENT SECRETARIAT

Notes/Correspondence/Collection

Department Finance **Section** Commercial Taxes

Subject:— Sales tax payable by contractors — procedure for assessment.

Earlier References:—

Late References: P 9/E

(Classification ~~A/B~~/C) 2

Notes Pages..... 4 .....
Correspondence Pages..... 5 .....
For/Not for section Note Book
To be destroyed after..... 1985

~~Under Secretary to~~ Government.

CSL 2

DOCKET SHEET

Department: Finance. File No. FD 275 CSL 72.

Section Commercial Taxes. Volume:

SUBJECT

S.T payable contractors — Procedure for assessment by MMS State contractors ARSn

Number and date 1	To whom sent 2	Instructions 3
DS/568/CT 6.12.79.	Dy. Secy. F.D. Note 23-30 Date 3.9.73	
Secy. F.D. 14.9.01		

1)

When the Memorandum (placed below) was handed over to FM the other day, and discussed with him, it was decided as follows:

i) The contractors' association would furnish a detailed note, indicating a framework together with the relevant calculations, in support of their suggestion that the tax authorities should work out standard percentages for calculating taxable items used in different structures, and arrive at a suitable turnover.

After receipt of this note from the association, a Group consisting of the Finance Secy, Additional Secy, PW&ED(Engineer-in-chief) and CCT will go into the question and make recommendations to Government; and

ii) It was stated that CCT had issued instructions about collection of past arrears. The factual position about this may be ascertained from CCT, sending him a copy of the representation of the contractors. Thereafter, this could be examined independently of item-1 above.

FS 1692/72
1-8-72

FS
16-8-1972

US(G)
16/8

2) Draft letter put up may issue

3) 19/8

19/8

4) This may be kept in 'Sus' till
23/8

15.9.72
2/8

4260 5) Sr.No. 3:- Letter No. MSA.CR 132/T2-73, dt. 18.11.72 from the C.C.T.

The C.C.T. who was requested to indicate the factual position about the instructions issued by him ~~to~~ regarding collection of past arrears

has stated that the representatives of the contractors met the C.C.T. and that they were informed that they would be dealers from 1-4-70 and that there is no provision in the Act, their request for grant of further time to register under the Act.

The C.C.T. has stated as under with reference to the requests of the contractors in their representation of 2-5-72 (Sr. No 1) :-

a) The request for exemption for the contracts executed during 1-4-72 to 31-7-72 - This cannot be conceded since they were expected to know the law.

b) Suitable extension of time for registering under this Act - Cannot be complied with since the amendment has come into force two years back

c) Constitution of Committee to work out a fixed percentage of taxable items - Such a Committee is not necessary.

The C.C.T. has further stated that he has addressed the C.E. to furnish a list of Contractors in order to see that they are registered and to initiate assessment proceedings. The question whether any guidelines can be spelt out for fixing the turnover of various goods used in different types of contractors is stated to be under examination.

1/12 In fn. on item (ii) of ¶ 5, note at page 6 is given in the C.C.T.'s letter at p 5(c). We have not received any reference from the Contractors' Assn. w.r.t. item (c)

DS(PC)

DS(PC)

(7) The representation of the Mysore State Contractors' Association and remarks thereon are given below:-

i) that contracts executed during the period 1.4.70 to 31.7.72 be exempted from sales-tax.

The amendment with regard to purchase tax payable u/s 6 of the MST Act came into effect from 1.4.70. It was also clarified to the contractors that they would be "dealers" liable to pay tax under this Act on purchases falling under Sec. 6. In case the request of the contractors is conceded, other categories of dealers would also come up with similar requests and there would be considerable loss of tax due to Government. The request may, therefore, be rejected as suggested by the CCT.

ii) that suitable extension of time for registering might be allowed so that all contractors could register without attracting penal provisions.

As pointed out by the CCT, the amended provision has been in effect for over 2 years now and it is incumbent on contractors liable to get themselves registered, to get themselves registered within the prescribed time.

iii) that a committee might be constituted for working out percentages of taxable items used in different structures like buildings, bridges, culverts and roads.

As pointed out by the CCT, the constitution of such a committee is unnecessary. However, in order to avoid arbitrary assessments, it would be necessary to work out

p.t.o.

4

certain norms for the guidance of the assessing officers. The CCT has reported that this question is under examination. The CCT may be requested to issue necessary instructions to the assessing officers on this point in consultation with the concerned CEs of the Public Works Department.

7/12.

(A.Mohandas Moses)
Dy.Secy.,Comml.Taxes.

~~F.S~~

We shd discuss this with CCT. next time he comes

8.12.72

File received from DS.(CC)'s offic today PA
~~already received~~

DS(CC)

~~Sri Nair & DS(CC): Case pl. examine this in~~
~~this case in which advice has been given~~
~~to prepare a discussion note with CCT~~
~~12.11.73~~

~~Discussed~~ This may be filed as:
As this question has been discussed
19/3 in the Law Commission's report which
is under examination this
file may be closed
DS(CC) 24/8 21/8/75 21/8

F.D/DS/1997/75
21/8/75

Ex No 3

C. F. No. 45]

GOVERNMENT OF MYSORE

Tele gram / phone

OFFICE OF THE

COMMISSIONER OF COMMERCIAL TAXES

No. MSA.CR-132/72-73.
Encls.

IN MYSORE: BANGALORE,

Date 18TH NOVEMBER 1972.

To

The Secretary to Government,

Finance Department, BANGALORE.

Sir,

R. & I. SECTION
F. D.
No. 12160
Date
Section S

Subject: Sales Tax payable by contractors - Procedure for Assessment of .

Ref: Your letter No. FD 275 CSL 72, dated 19.8.1972.

===

The representatives of the Mysore State Contractors Association, Bangalore had met my predecessor on 23.9.1972 for clarifications arising from the introduction of purchase tax payable under Section 6 of the Mysore Sales Tax Act with effect from 1.4.1970 and it had been clarified to them that they would be 'dealers' to pay tax under the Act in so far as the purchases falling under Section 6 of the Mysore Sales Tax Act were concerned. Again, on 25.3.1971, the representatives of the Association met my predecessor and pleaded for grant of further time to register under the Act and they had been informed that the amendment having come into force more than a year ago, and also for want of a provision in the Mysore Sales Tax Act, 1957, their request could not be complied with. In this background, the points raised in the representation enclosed to your above letter are dealt with as follows:

. . . . 2

(a) Contracts executed during the period from 1.4.1970 to 31.7.1972 be exempted from payment of sales tax.

The above request cannot be conceded since the amendment came into force with effect from 1.4.1970 and the contractors (and other dealers affected) were expected to know the law.

(b) Suitable extension of time for registering may be allowed with wide publicity, so that all contractors can register without attracting penal provisions:

The request cannot be complied with since it is over two years now that the amended provision was introduced. The contractors who are liable to register should register themselves within the prescribed time.

Regarding the Constitution of the Committee for working out a fixed percentage of taxable items, referred to in Sub-Para (c) of the representation, it is felt that such a Committee is unnecessary. I have already addressed to the Chief Engineer, Public Works Department to furnish a list of Contractors in order to see that they are registered under the Act and to initiate assessment proceedings in cases where the contractors are liable to pay tax. The question whether any guidelines can be spelt out for fixing the turnover of various goods used in the execution of different types of contractors, is under examination.

Yours faithfully,

(T.N. SAVASU CHANDRAN)
For COMMISSIONER OF COMMERCIAL TAXES.

DC Signed by the Commissioner
Pmp.

Ex. No. 2

GOVERNMENT OF MYSORE

No. FD 275 CSL 72.

MYSORE GOVERNMENT SECRETARIAT,
VIDHANA SOUDHA,
Dated, Bangalore, 19th Aug. ... 1972.

FROM

The *Secretary to the Government of Mysore*
Finance Department.

To

The Commissioner of Commercial
Taxes in Mysore, Bangalore.

Sir,

Sub: Sales Tax payable by Contractors -
Procedure for assessment of -

--

I am to forward herewith a copy of the representation No.MSCA.25/1498/72, dated 2nd Aug. 1972, from the Mysore State Contractors' Association and to state that it is understood that ~~they~~ you have issued instructions about collection of past arrears. I am to request you kindly to indicate the factual position about this.

Yours faithfully,

(H.C. Gangadhara Murthy)
Under Secretary to Government,
Finance Department.

rsr:

Sr.No. 1

PHONE 73079
(By Courtesy)

MYSORE STATE CONTRACTORS' ASSOCIATION

(SILVER JUBILEE YEAR)

27, FIRST MAIN ROAD, GANDHINAGAR, BANGALORE-9

NO. MSCA. 25/ 1498/72. 2nd August 1972.

President:
A. Venkataramaiah

Vice-Presidents:
M. Krishnamurthy
Bangalore

M. V. Ramaiah
Bangalore

R. Boriah
Mysore

V. Lakkanna
Shimoga

B. T. Somanna
Davangere

K. D. Kamath
Hubli

General Secretary:
G. N. Lakshmipathi

Joint General Secretary:
H. Viswanath Rao

Treasurer:
K. B. Krishnappa

The Hon'ble Minister for finance,
Government of Mysore,
Vidhana soudha, Bangalore-1.

Dear Sir,

Sub: Mysore Sales Tax Act -
Civil Contractors:

The amended Mysore Sales Tax Act which has come into force with effect from April 1970 is practically unknown to our members and we find:

1. that no contractor so far registered himself or even served with notice by the department to register himself and pay tax even though over Two years have lapsed.
2. The Public works department which prepare schedule of rates, for working out the cost of each item of work have so far not started considering sales payable as an expenditure to be incurred by the contractor.
3. Since Sales Tax on civil contract was struct down by the Supreme court and the amended Act provided only for purchase Tax on such goods which have not suffered tax earlier, it is very necessary that proper accounting is done to determine the items which have not suffered Sales Tax. It is found that most of the contractor do not maintain accoun and even the income Tax department officers assess the income as percentage of total turn-over
4. Our several appeals to the Commissioner of Sales Tax* for such of the assessees who cannot produce accounts have remained unimplemented(our first letter being dated 14/18-8-1970)

* to fix a thumb rule

Hence, we are approaching your goodself for redressal of the following difficulties:

....contd page2.

(1) Constitute a Group with all three - PWD, Contractors & CCT - Constitution of a Group. | Framework & work-sheets to be furnished by Assn. within the end of this month

(2) Part answers - CCT to be consulted

1137(W)CT72

PHONE 73079
(By Courtesy)

MYSORE STATE CONTRACTORS' ASSOCIATION

(SILVER JUBILEE YEAR)

27, FIRST MAIN ROAD, GANDHINAGAR, BANGALORE-9

President:
A. Venkataramaiah

Vice-Presidents:
M. Krishnamurthy
Bangalore

M. V. Ramaiah
Bangalore

R. Boriah
Mysore

V. Lakkanna
Shimoga

B. T. Somanna
Davangere

K. D. Kamath
Hubli

General Secretary:
G. N. Lakshmipathi

Joint General Secretary:
H. Viswanath Rao

Treasurer:
K. B. Krishnappa

(a) Contracts executed during the period 1-4-1970 to 31-7-1972 be exempted from payment of Sales Tax.

(b) Suitable extension of time for registering may be alloved with vide publicity, so that all contractors can register without attracting penal provisions.

(c) A Committee with Engineer in Chief or his nominee, Secretary to Ministry of Finance or his nominee, Commissioner of Commercial Taxes or his nominee be constituted to work out the percentage of taxable items used in different structures like buildings(Residential, Commercial) Briggee, culverts Roads, etc., and arrive at a thumb rule which can be adopted in case of assessees who have difficulties in producing the accounts, and who will produce evidence of total work done as in the case of income tax accounts.

The last point is very urgent and important since loss of time, will mean accumulation of payment of Sales Tax, which after a certain limit will cause great hard-ships to the contractors.

We request you to kindly give your favourable decisions on these points early and oblige.

Thanking you,

Yours faithfully

(G.N.LAKSHMIPATHY)
General Secretary.